Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009

Message Text

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PAGE 01 SAN SA 02059 01 OF 02 041720Z
ACTION EB-07

INFO OCT-01 ARA-10 ISO-00 MMO-04 /022 W
----------041836Z 129944 /50
R 041504Z MAY 77
FM AMEMBASSY SAN SALVADOR
TO SECSTATE WASHDC 4201
INFO USDOC WASHDC

UNCLAS SECTION 1 OF 2 SAN SALVADOR 2059

DEPARTMENT PLS PASS EB/OCA AND BUREAU COMMERCIAL COORDINATOR.

E.O. 11652: N/A
TAGS: BEXP, AFSP, ES
SUBJECT: PROJECTED FY-7 COMMERCIAL ACTION PROGRAM

REF: SAN SALVADOR A-14; STATE A-1111

1. COMMERCIAL SETTING:
(A) REAL GROWTH OF GDP IN 1976 IS NOT ESTIMATED AT 5.5 PERCENT,
WHICH YIELDS APPROXIMATELY 2.5 PERCENT PER CAPITA REAL GROWTH. THE
COUNTRY'S POSITION ON EXTERNAL ACCOUNT IMPROVED CONSIDERABLY,
WITH A MORE THAN $50 MILLION INCREASE IN INTERNATIONAL RESERVES.
THE OUTLOOK FOR 1977 IS POSITIVE BUT A MASSIVE INFLUX OF LIQUIDITY
FROM COFFEE COULD POSE PROBLEMS. DEPENDING ON PRIVATE SECTOR
CONFIDENCE, REAL GROWTH IN 1977 COULD BE ON THE ORDER OF 7
PERCENT. INDUSTRIAL PRODUCTION AND COMMERCIAL ACTIVITY SHOULD REMAIN
STRONG THROUGH 1977. ESTIMATES OF THE 76/77 COFFEE CROP ARE DOWN
BUT GROSS RECEIPTS FROM COFFEE IN 1977 WILL BE ENORMOUS.
THE MONEY SUPPLY MAY BE EXPECTED TO GROW RAPIDLY DURING THE
FIRST HALF OF 1977. THE MONETARY AUTHORITIES WILL
MAINTAIN A VERY TIGHT HAND ON CREDIT AS ONE MEASURE TO
CONTROL EXCESSIVE EXPANSION OF DEOMESTIC DEMAND. SOME
LIBERALIZATION OF CURRENT IMPORT RESTRAINTS IS ALSO A
POSSIBILITY. CONSUMER PRICES WILL PROBABLY GROW AT A RATE
OF OVER 6 PERCENT IN 1977. CENTRAL GOVERNMENT REVENUES WILL IN-
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PAGE 02 SAN SA 02059 01 OF 02 041720Z

CREASE CONSIDERABLY, BECAUSE OF RECEIPTS FROM EXPORT
TAXES, AND A SIZEABLE CURRENT SURPLUS WILL RESULT.
(B) SHIPMENTS OF GREEN COFFEE LED IN A RECORD-BREAKING
39 PERCENT INCREASE IN SALVADORAN EXPORTS FROM 1975 TO 1976.
BASED ON THE POSITIVE CORRELATION BETWEEN EXPORTS AND IMPORTS,
THIS SHOULD HERALD A SIZEABLE INCREASE IN
TOTAL IMPORTS IN 1977 AND 1978, ON THE ORDER OF

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009

20-25 PERCENT. THUS, IT IS ANTICIPATED THAT TOTAL IMPORTS WILL
EXPAND FROM US$712 MILLION IN 1976 TO AN ESTIMATED US$870
MILLION AND US$1,070 MILLION IN 1977 AND 1978 RESPECTIVELY.
WITH A HISTORICAL MARKET SHARE OF 33 PERCENT, U.S. EXPORTS TO
EL SALVADOR SHOULD APPROACH US$288 MILLION IN 1977 AND US$350
MILLION IN 1978.
(C). A NUMBER OF LARGE PROJECTS IN THE AREAS OF HYDROELECTRIC
AND GEOTHERMAL POWER GENERATION, TELECOMMUNICATIONS,
HIGHWAY AND FREEWAY CONSTRUCTION AND HEALTH CARE ARE IN THE PRE-
FEASIBILITY, FEASIBILITY OR DESIGN STAGE AND SHOULD OFFER MAJOR
OPPORTUNITIES FOR U.S. EXPORTERS OF BOTH SERVICES AND EQUIPMENT.
2. LIST OF PERSONNEL RESOURCES (INCLUDING COMPOSITION OF
COUNTRY COMMERCIAL ACTION GROUP).
CHIEF ECONOMIC/COMMERCIAL SECTION FSO-4 OVERALL SUPERVISION ECONOMIC
REPORTING U.S. INVESTMENT
COMMERCIAL ATTACHE FSO-5 SUPERVISE CAP TRADE PROMOTION
ECONOMIC SPECIALIST FSL -10 MARKET RESEARCH ECONOMIC REPORTING
COMMERCIAL SPECIALIST FSL-10 COMMERCIAL REPORTING
FGT, TOP, ADS, COMMERCIAL NEWSLETTER
SECRETARY/LIBRARIAN FSL-7 TELEPHONE INQUIRIES AND BUSINESS
VISITORS
COUNTRY COMMERCIAL ACTION GROUP - CCAG
DCM FSO-1
CHIEF E/C SECTION FSO-4
PAO FS10-3
DEFENSE ATTACHE COLONEL
COMATT FSO-5

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PAGE 01 SAN SA 02059 02 OF 02 041749Z
ACTION EB-07

INFO OCT-01 ARA-10 ISO-00 MMO-04 /022 W
----------041835Z 130392 /50
R 041504Z MAY 77
FM AMEMBASSY SAN SALVADOR
TO SECSTATE WASHDC 4202
INFO USDOC WASHDC

UNCLAS SECTION 2 OF 2 SAN SALVADOR 2059

3. REVIEW OF FY-77 CAP:
(A) POST'S FY-77 CAP CONSISTS OF 7 CAMPAIGNS. HOWEVER, SINCE
CAMPAIGN NO 1 - U.S. PAVILION IN THE VII INTERNATIONAL FAIR
OF EL SALVADOR - DOMINATED THE ENTIRE FIRST QUARTER, THE
REMAINING 6 CAMPAIGNS WERE ONLY INITIATED IN THE SECOND QUARTER

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009

OF FY-77.
TWO FACTORS HAVE OPERATED TO RETARD IMPLEMENTATION OF OUR
FY-77 CAP. FIRST, THE COMMERCIAL SECTION DID NOT ACHIEVE
FULL FSL STRENGTH UNTIL THE SECOND QUARTER AND SECOND, DUE
TO THE UNPRECEDENTED AND HIGHLY PUBLICIZED INFLUX OF COFFEE
DOLLARS, THE COMMERCIAL SECTION'S ROUTINE WORKLOADOF TRADE
INQUIRIES, ADS SEARCHES, AND U.S. BUSINESS VISITORS
HAS DRAMATICALLY INCREASED OVER HISTORICALLY PROJECTED ESTIMATES,
THUS SIGNIFICANTLY REDUCING THE RESOURCES AVAILABLE FOR
CAP CAMPAIGNS.
(B) CAMPAIGNS:
CAMPAIGN NO 1 - U.S. PAVILION IN THE VII INTERNATIONAL FCTR
OF EL SALVADOR, NOVEMBER 5-22,#(1976: THIS CAMPAIGN WAS
SUCCESSFULLY COMPLETED AS SCHEDULED
WITH ONLY 4 OF THE 36 EXHIBITORS
INDICATING THAT THEY WOULD NOT RETURN TO PARTICIPATE
IN 1978. OFF THE FLOOR SALES TOTALED $1.3 MILLION SALES

ANTICIPATED OVER THE SUBSEQUENT YEAR AS A RESULT OF
PARTICIPATING IN THE U.S. PAVILION TOTALED US$1.2 MILLION.
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PAGE 02 SAN SA 02059 02 OF 02 041749Z

THE 1976 PAVILION ENCOMPASSED 585 SQUARE METERS OF EXHIBIT SPACE,
AN AREA 40 PERCENT LARGER
THAN IN 1974
CAMPAIGN NO 2 - HEALTH CARE: BEHIND SCHEDULE BUT CATCHING UP.
CAMPAIGN NO 3: TELECOMMUNICATIONS: BEHIND SCHEDULE BUT CATCHING
UP.
CAMPAIGN NO 4 - HIGHWAYS AND ROADS: BEHIND SCHEDULE BUT CATCHING UP.
CAMPAIGN NO 5 - ENERGY SYSTEMS: ON SCHEDULE AND IN ADDITION
INCORPORATED UNPROGRAMMED EXIMBANK MISSION TO LOOK INTO SAN
LORENZO HYDROELECTRIC DAM PROJECT.
CAMPAIGN NO 6 - FOOD PROCESSING AND PACKAGING: ON SCHEDULE
WITH MARKET RESEARCH COMPLETED ON MARKETS FOR PROCESSED FOOD
IMPORTS AS WELL AS MACHINERY AND EQUIPMENT IMPORTS. PREPARATIONS
FOR CATALOG SHOW IN MAY ON SCHEDULE WITH 115 U.S. FIRMS PARTICIPATING
TO DATE.
CAMPAIGN K 7 - SURVEY CAMPAIGN:/
EMBASSY'S PROGRAM TO ENHANCE
LIAISON WITH U.S. BUSINESS COMMUNITY ON SCHEDULE, COMPLETE
WITH MASTER LISTS OF (ABH RESIDENT FIRMS WITH U.S. EQUITY
OR SENIORU.S. MANAGERIAL PARTICIPATION AND (B) RESIDENT AGENTS,
DISTRIBUTORS AND LICENSEES OF U.S. FIRMS.
4. CAMPAIGNS AND OTHER SPECIAL EFFORTS FOR FY-78:
CAMPAIGN NO 1 - HEALTH CARE: PROMOTE FOREIGN BUYERS GROUP
TO AMERICAN HOSPITAL ASSOCIATION ANNUAL CONVENTION AUGUST 1978.
MONITOR EVOLUTION OF TENDERS FOR HOSPITAL CONSTRUCTION AS WELL
ER FOR EQUIPMENT.
CAMPAIGN NO 2 - TELECOMMUNICATIONS: PROMOTE FOREIGN BUYERS GROUP

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009

TO INTELCOM-77 IN OCTOBER 1977, MONITOR DEVELOPMENTS IN EL SALVADOR'S
EFFORTS TO OBTAIN IBRD TELECOMMUNICATIONS LOAN.
CAMPAIGN NO 3 - HIGHWAY AND ROAD CONSTRUCTION: MONITOR DEVELOP
XBMAEDDSKC YMHN#EVOLUTION OF METROPOLITAN FREEWAY SYSTEM TENDERS,

NORTHERN LONGITUDINAL HIGHWAY,ETC.
CAMPAIGN NO 4 - ENERGY: CONTINUE TO MONITOR SAN LORENZO DAM
PROJECT AND GEOTHERMAL DEVELOPMENTS. WITH USDOC PROGRAM
GEOTHERMAL TECHNICAL SEMINAR AT CENTRAL
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AMERICAN LEVEL IN NOVEMBER, 1977.
CAMPAIGN NO 5 - U.S. PAVILION IN VIII INTERNATIONAL FAIR
OF EL SALVADOR: BEGIN RECRUITMENT OF EXHIBITORS AND
DEVELOP PROMOTION PROGRAM.
CAMPAIGN NO 6 - SURVEY CAMPAIGN: CONTINUE REGULAR MEETINGS
WITH VARIOUS COMPONENTS OF U.S. BUSINESS COMMUNITY.
5. FINANCIAL RESOURCES SCHEDULE:
READ IN FOUR COLUMNS.
SCHEDULE; FY-76 ACTUAL; FY-77 (EST); FY-78(EST)
COMMERCIAL REPRESENTATION $1,300 $1,700 32,350
COMMERCIAL TRAVEL 2,494 2,620 2,750
CONTRACT SERVICES OF WHICH:
(A) WTDR SUPPORT 945 2,079 2,289
(B) PRINTING NEWSLETTER NONE NONE NONE
(C) OTHER (POSTAGE FOR NEWSLETTER) NONE 75 400
COMMERCIAL LIBRARY 666 875 920
OTHER --- --- ---
LOZANO

NOTE BY OC/T: #AS RECEIVED.

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Message Attributes

Automatic Decaptioning: X
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Sent Date: 04-May-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Document Source: CORE
Document Unique ID: 00
Drafter: n/a
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Executive Order: N/A
Errors: N/A
Expiration:
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Format: TEL
From: SAN SALVADOR
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Type: TE
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